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SUBJECT: GOAM'S MCA MANAGEMENT AND CONSULTATIVE PROCESS IN
THE RURAL REGIONS

REF: YEREVAN 1507

Sensitive But Unclassified. Please protect accordingly.

SUMMARY

1. (U) Ministry of Finance and Economy officials tell us that the consultative process in advance of the GOAM's upcoming MCA compact proposal submission has moved to the country's regions and is on schedule. The GOAM has begun compiling a matrix of all concept papers and/or comments received from NGOs and international organizations and will begin a preliminary review of these documents o/a July 15. The MFE is managing the bulk of day-to-day MCA consultative operations for the GOAM and continues to link the process with the approach during the development of the GOAM's Poverty Reduction Strategy Paper (PRSP). Please note action request in paragraph 10. End Summary.

PRSP TEAM HEADS-UP GOAM MCA OPERATIONS

2. (U) As a follow-up to the Ambassador's earlier meeting with Minister of Finance Vardan Khachatryan, USAID Mission Director and Embassy Assistance Coordinator met with Ministry of Finance and Economy Development Department Chief Armen Hayrapetyan, PRSP Program Department Chief Sergey Balasanyan and PRSP Secretariat Coordinator Hovik Azizyan July 9 to discuss MCA issues. Azizyan confirmed that the Ministry of Finance and Economy continues to manage the bulk of the GOAM's day-to-day operations on MCA in coordination with the Prime Minister's Economic Department and relevant ministries of the GOAM's MCA Board. Azizyan said the GOAM would develop an unofficial organizational chart to help the USG and donor community better understand the GOAM's decision-making framework on MCA issues and promised to deliver the document within a week. Post will transmit this and other documents via e-mail.

MCA BOARD COLLECTS CONCEPT PAPERS -- FIRST REVIEW JULY 15

3. (SBU) Azizyan confirmed information provided to Post earlier regarding recent GOAM MCA Board meetings (reftel). He said the Board was regularly collecting and informally reviewing project concept papers from a number of sources (NGOs, educational institutions, international organizations). The Board had developed a matrix of concept papers received to date and would continue to accept papers from all sources (including from a GOAM internet website, government agencies, regional consultations) until approximately July 15. (Note: See www.mfe.am/mfeengweb/hazmart.htm for more details about how the GOAM is soliciting input on MCA from the public. End note.) After this date, the GOAM MCA Board will conduct a preliminary review of the proposals and fold viable ideas into the GOAM's draft compact proposal. (Comment: The matrix appears to include a number of proposals from NGOs that approached the Embassy and/or USAID mission during the past month. Post has no reason to believe that any proposal has been rejected outright by the GOAM to date. End Comment.) Azizyan said the GOAM would continue to accept papers following July 15 but was eager to begin processing the best concept papers into "manageable" portions of the GOAM's compact proposal.

4. (U) Azizyan briefly previewed the types of proposals received to date. He said that the GOAM was happy to see that, for the most part, concept papers followed the parameters of the GOAM's PRSP. The vast majority focused on job creation in rural areas. He said that a number of concept papers, however, "missed the mark" and were weak attempts by some groups to tap into MCA funding. Azizyan said that the GOAM MCA Board was nonetheless including these concept papers in the formal group to be reviewed beginning July 15.

MEDIA INTEREST WANING - EXPECT UPSWING WITH RURAL MEETINGS

15. (U) Azizyan agreed that while the majority of these proceedings had been open to the press, public interest was waning in the media (particularly among newspapers) regarding the MCA process itself in the nation's capital. He and his colleagues confirmed that Armenia's state television was airing the proceedings of GOAM MCA Board meetings each Sunday evening, to a lukewarm reaction by the viewing public. He said that television coverage of the first set of consultative sessions in the region, however, was widespread and predicted an upswing in national media coverage as this process continues.

GOVERNORS AND PRSP NETWORK HOST MEETINGS IN RURAL AREAS

16. (U) Azizyan reported that the first set of MCA consultative meetings were well underway in Armenia's regions. Regional governors, by mandate of the GOAM MCA Board, had been hosting open meetings in public places throughout their regions over the past two weeks. Azizyan made special note of the fact that governors were instructed to host these meetings in locations other than their offices in order to encourage open participation and avoid the appearance of controlling the proceedings or outcomes. He said that the consultative meetings included both a session for open commentary from participants regarding MCA as well as a chance to comment on the GOAM's early indication that a compact proposal would focus on rural infrastructure including water, roads, education and health. The meetings reportedly include information on how to submit program ideas directly to the GOAM or through regional governors. Ministry officials showed us an example of a brochure detailing GOAM MCA procedures that governors are distributing during the meetings. In addition to the governors' meetings, Azizyan said that the GOAM had activated the network of NGOs involved in the PRSP review process. In some cases this network was hosting additional consultative sessions in addition to those organized by regional governors.

17. (SBU) According to reports from regional offices and the MFE, some regional governors are planning to submit concept papers to the GOAM MCA Board as part of the nationwide process. The governor of Armenia's southern Syunik province told the MFE that his office would submit its proposal in advance of the initial July 15 review. According to Azizyan, proposals from governors will be included in the general matrix of concept papers but will likely be reviewed separately from those submitted by the general public (although still in the same format and during public meetings).

CONSULTATIVE SESSION IN DIMAVAN TYPICAL OF RURAL MEETINGS

18. (U) Hayrapetyan said that a recent consultative meeting in the village of Dimavan was typical of the ongoing meetings in Armenia's regions. He said that a relatively large group of citizens (a few dozen) gathered for the meeting together with the regional governor, local media and PRSP NGO network representatives. An MCA Board member and PRSP Secretariat representative were also in attendance. Hayrapetyan said that the participants came to the meeting with little in the way of formal proposals, but asked the GOAM to factor in job creation for the local population when devising the compact proposal. He said that the meetings often turned into roundtable sessions about an entire series of local issues, but that GOAM MCA Board members and others guided the discussion to the best extent possible.

COMMENT: RURAL PROCESS MOVING FASTER THAN EXPECTED

9.(SBU) The consultative process in Armenia's rural regions has moved along faster than we expected. The GOAM has assured us that Embassy representatives will be invited to observe regional consultations within the next few weeks which will strengthen our perspective. In the meantime, the consultative process appears to be progressing well. Its influence on the GOAM's final compact proposal, however, remains to be seen.

ACTION REQUEST: SHARING IDEAS AMONG MCA COUNTRY POSTS

10. (U) Post understands that an MCC Collective is being created at the Department for ease in transmitting front-channel cables regarding MCA issues. We look forward to

utilizing this address once it is authorized by Washington. While sharing front channel information is important, Post believes that sharing information among posts at MCA eligible countries via e-mail exchange would increase the flow of ideas. An MCA e-mail exchange (for use by MCA PoCs at Posts, their respective desk officers and MCC headquarters at the Department) would allow us to better communicate among ourselves as USG parties and share relevant information with host governments. Action request: Post requests MCC consider creating an MCA e-mail exchange.

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